

## Op-ed for bilateral donor agencies

Since the global campaign to 'Make Poverty History', there has been a welcome and robust debate about the role of international aid in overcoming poverty. Does development aid really work? Does it help build sustainable institutions in developing countries? Or is it just a quick fix that does more to benefit the donor than the recipient?

Now the debate looks set to reignite as we pass the halfway point on the road towards the Millennium Development Goals, the targets aimed at halving world poverty by 2015. The first in a series of high level meetings and summits will open this week (Sept 2-4) in Accra, Ghana. There, development ministers and officials from around the world will discuss urgent reforms to the government aid system.

What is at stake cannot be overstated. Of course, aid is only one part of a much bigger picture in which economic growth and good governance are key drivers of development. But done properly, aid can make an enormous difference to people's lives in the short term – *and* contribute to lasting change.

Thankfully, there is now much greater consensus about what 'good aid' looks like. Forty years' experience has shown us that if countries are ever to overcome poverty and wean themselves off aid dependence, they must vigorously grasp the reins of leadership, and be supported to do so. This means setting their own priorities, devising coherent plans, and building up their own systems to manage aid and other resources.

The evidence is clear. Where international donors harmonise their efforts behind country-led plans – as they have done with national health plans in Mali and the Kyrgyz Republic for example – the results follow. Similarly when donors invested in building up health planning, management and information systems in one region of Tanzania in the 1990s, child deaths were halved within a decade.

Noone is suggesting offloading aid funds onto developing countries without the proper checks and balances. But the evidence shows that many countries – Honduras, Vietnam and Zambia to name just three - are improving their financial management systems. And yet donor countries are slow to acknowledge this progress and change their practices accordingly. Only by using these systems can donors help to strengthen them in the long run. To date, more than half of all aid is still delivered via donors' parallel channels.

In spite of some progress towards better coordination between government donor agencies, the reality for poor countries on the ground is still a bewildering scramble of initiatives with massive transaction costs. The OECD reports that poor countries are deluged with 'missions' from international donors, visits to check up on the progress of their projects. One country – Vietnam – received 782 such visits in 2007. Under these circumstances it is hard to see how overstretched ministries have time for anything other than hosting donors.

Aid also needs to be made much more predictable. While some progress has been achieved towards making longer-term commitments – of five years or more - and sticking to them, one third of all development aid still fails to arrive on schedule. This makes it impossible for ministries to plan and budget from one year to the next. The tiny West African nation of Benin, for example, was due to receive US\$477m in 2007; only US\$151m actually showed up.

All this has to change, and quickly. It was recognised in 2005 when more than 100 governments and aid bodies signed the Paris Declaration, a blueprint for making official development aid more effective. Since then, the landscape has changed further with new players like China entering the fray, and private funders such as the Bill and Melinda Gates Foundation. While welcome, the new players have further increased the complexity of managing aid – and the urgency of reform.

The world's poorest people are facing increased threats to their survival in the form of rising fuel and food prices and the impact of climate change. We know how to make aid work better; it would be unforgivable to pass up this opportunity to do so.

Citizens in both rich and developing nations are rightly demanding to see the evidence of results from aid investments. Encouragingly, civil society groups around the world are actively involved in the aid effectiveness agenda; some 300 have been involved in the preparations for the Accra meeting. They are recognising that tracking the impact of aid, making sure it gets to where it is most needed, is a useful way for them to hold their own governments to higher standards of probity.

If the aid system is to fulfil its true potential we need to see a full change of gear towards reform, not just a little more pressure on the accelerator pedal. Aid is no longer about charity, nor should it be about buying political influence as it was during the Cold War. Now there is a growing recognition that the world is interconnected, and at its best, aid is an investment in a healthier, safer, more prosperous planet. The aim for us as donors is to make it work better, and ultimately in so doing, to manage ourselves out of existence. We will know we have really succeeded when we have made aid history.

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